

Interim Consolidated Statement of Source and Use of Funds—(Thousands of dollars)

6 months ended June 30

	1973	1972
SOURCE OF FUNDS		
Funds derived from operations.....	\$10,920	\$ 7,930
Investments realized.....	627	1,150
Working capital of subsidiaries acquired.....	22	37
	<u>11,569</u>	<u>9,117</u>
USE OF FUNDS		
Dividends paid.....	3,774	2,782
Additions to fixed assets, net.....	2,770	2,949
Investments acquired.....	190	220
Long term debt repaid or currently payable.....	2,983	5,273
Acquisition of subsidiaries.....	2,700	283
Other minor items.....	<u>130</u>	<u>102</u>
	<u>12,547</u>	<u>11,609</u>
Increase (decrease) in working capital.....	<u>\$ (978)</u>	<u>\$ (2,492)</u>

SOUTHAM PRESS LIMITED

Daily Newspapers

The Spectator, Hamilton
The Ottawa Citizen
The Calgary Herald
The Edmonton Journal
The Winnipeg Tribune
The Province, Vancouver
(Published for Pacific Press Limited)
The Medicine Hat News
The North Bay Nugget
The Gazette, Montreal
The Owen Sound Sun-Times
The Citizen, Prince George
The Brantford Expositor
The Windsor Star

Business Newspapers

Financial Times of Canada, Montreal
Journal of Commerce, Vancouver
Daily Commercial News, Toronto

Trade Publications and Shows

Southern Business Publications Limited,
Don Mills, Ont.
National Business Publications Limited,
Gardenvale, Que.
Secombe House Limited, Don Mills, Ont.
Southex (1970) Limited, Don Mills, Ont.
Grant Smedmor Limited, Don Mills, Ont.
Canadian Mailings Limited, Don Mills, Ont.
C.O. Nickle Publications Co. Ltd., Calgary, Alta.
Les Publications Éclair Ltée, Montreal, Que.

Printing

Southern Printing Limited, Toronto, Ont.
Southern Murray, Weston, Ont.
Offset Print & Litho Limited, Don Mills, Ont.
Gazette Canadian Printing Ltd., Montreal, Que.
Southern Business Forms, Candiac, Que.
Southern Specialty Printing, Candiac, Que.
Southern Farwest Printing Limited, Burnaby, B.C.

SOUTHAM PRESS LIMITED

Interim report

6

months ended

June 30, 1973

AR21



To THE SHAREHOLDERS,
SOUTHAM PRESS LIMITED.

Our business during the second quarter remained at a high level although growth was at a slower pace than during the first three months of 1973. In general gains from the previous year continued to be very satisfactory.

Newspaper revenues and earnings were affected by a labour dispute over the introduction of new printing processes at The Windsor Star. A satisfactory agreement was reached after two weeks, during which publication was continued by non-striking members of the paper's staff.

Negotiated wage settlements are resulting in substantially higher labour costs and the price of paper, our principal raw material, is also escalating. This has forced some price adjustments to maintain margins.

The move into a new plant by The Ottawa Citizen is now expected to take place in August.

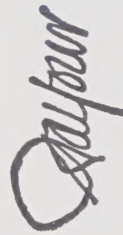
Income taxes have been re-calculated at the reduced rates for 1973 as finally approved by parliament. The net effect has been to increase income by 4.8 cents a share for the first half year.

The extraordinary item arose from the sale of surplus real estate in Edmonton.

We expect business in the third quarter to continue the buoyant pattern already experienced, with some slowing in the rate of growth.

The regular quarterly dividend of 15 cents per share has been declared payable September 28 to shareholders of record September 14.

Yours sincerely,



TORONTO, CANADA.

President

July 19, 1973

Interim Consolidated Statement of Income (not audited)

3 months

ended

June 30

(Thousands of dollars except per share amounts)

	1973	Percentage Change	1972
Revenue from operations:			
Newspapers.....	\$29,280		\$26,043
Printing.....	11,116		9,855
Trade publications and shows....	5,048		4,095
	<u>45,444</u>	+ 13.6	<u>39,993</u>
Costs and operating expenses.....	35,602		31,765
Depreciation.....	1,119		930
Interest.....	329		359
	<u>37,050</u>	+ 12.1	<u>33,054</u>
	<u>8,394</u>	+ 21.0	<u>6,939</u>
Equity in net earnings of companies at least 50 percent owned.....	684		763
Income from other investments....	197		145
	<u>9,275</u>	+ 18.2	<u>7,847</u>
	<u>3,738</u>	+ 9.2	<u>3,424</u>
Income taxes (estimated).....			
Net income before extraordinary item.....	5,537	+ 25.2	4,423
Extraordinary item (net of tax)....	320		—
Net income.....	<u>\$ 5,857</u>	+ 32.4	<u>\$ 4,423</u>
Net income—per share before extraordinary item.....	44 1/2¢		35 1/2¢
Net income per share.....	47¢		35 1/2¢
Dividends paid—5 percent preferred shares.....	\$ 27		\$ 27
Dividends paid—common shares...	\$ 1,860		\$ 1,364
Dividends paid—per common share	15¢		11¢

6 months

ended

June 30

	1973	Percentage Change	1972
Revenue from operations:			
Newspapers.....	\$54,919		\$48,078
Printing.....	22,255		18,588
Trade publications and shows....	9,603		8,191
	<u>86,777,000</u>	+ 15.9	<u>74,857,000</u>
Costs and operating expenses.....	70,588		62,206
Depreciation.....	2,158		1,822
Interest.....	596		691
	<u>73,342</u>	+ 13.3	<u>64,719</u>
	<u>13,435</u>	+ 32.5	<u>10,138</u>
Equity in net earnings of companies at least 50 percent owned.....	1,080		1,168
Income from other investments....	387		277
	<u>14,902</u>	+ 28.7	<u>11,583</u>
	<u>6,358</u>	+ 25.6	<u>5,062</u>
Income taxes (estimated).....			
Net income before extraordinary item.....	8,544	+ 31.0	6,521
Extraordinary item (net of tax)....	320		—
Net income.....	<u>\$ 8,864</u>	+ 35.9	<u>\$ 6,521</u>
Net income—per share before extraordinary item.....	68 1/2¢		52 1/4¢
Net income—per share.....	71¢		52 1/4¢
Dividends paid—5 percent preferred shares.....	\$ 54		\$ 54
Dividends paid—common shares...	\$ 3,720		\$ 2,728
Dividends paid—per common share	30¢		22¢